

•fixed at three per cent. In the face of demands in some •quarters that it be further reduced'; but even this rate gave point to the declaration of the annual report for 1906, that if the "Bank was reproached for locking up so much unproductive capital, a little reflection would show that its presence in the bank vaults had procured for several thousands of millions of commercial paper circulating in France a rate of discount lower by three and sometimes by four per cent. than that of neighboring countries and that by this means a material profit had been assured to the merchants and manufacturers of the country.<sup>9</sup>

While the metallic reserve of the Bank of France sustains a large volume of outstanding notes, and the bank stands ready to rediscount paper for the joint stock banks, there are fewer and smaller sudden demands for money than in London. Foreign trade, the demand for exchange, and the investment of capital abroad plays a smaller part than on the London market.<sup>3</sup> At the close of 1907 deposits and creditor current accounts in the five principal French stock banks were about 3,500,000,000 francs (\$700,000,000) and reserves in currency or on deposit in other banks were 330,000,000 francs (\$66,000,000). The corresponding figures for English joint stock banks were deposits of \$4,200,000,000 and cash resources of \$850,000,000. Obviously, to possible demands of such magnitude it is essential for the Bank of England to take resolute action when its reserve is threatened. The English institution, moreover, lacks the power to meet emergencies by the issue of its notes, which is

\*It was pointed out that even this great reserve, including 921,072,000 francs in silver, was less in proportion to note and deposit liabilities than in 1896, being 72½ per cent, as against 75 per cent, at the earlier date; but the ratio of the reserve was as 3078 million francs gold to 914 million francs silver in May, 1908, against 1962 to 1247 in May, 1896, which afforded an immensely stronger gold **ratio**.—*Le Moniteur des Intermarchés Matières*, June 7, 1908, 1871.

\* *Bulletin de Statistique*, February, 1907, I<sup>XL</sup>, 221.

<sup>9</sup>Palgrave, 149.